



**House Bill No. 6590**

**Public Act No. 05-224**

**AN ACT CONCERNING THE TRANSFER OF TITLE IN THE  
ACQUISITION OF A WATER COMPANY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 16-262o of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) The Department of Public Utility Control, in consultation with the Department of Public Health, upon a determination that the costs of improvements to and the acquisition of the water company are necessary and reasonable, shall order the acquisition of the water company by the most suitable public or private entity. In making such determination, the department shall consider: (1) The geographical proximity of the plant of the acquiring entity to the water company, (2) whether the acquiring entity has the financial, managerial and technical resources to operate the water company in a reliable and efficient manner and to provide continuous, adequate service to the persons served by the company, (3) the current rates that the acquiring entity charges its customers, and (4) any other factors the department deems relevant. Such order shall authorize the recovery through rates of all reasonable costs of acquisition and necessary improvements. A public entity acquiring a water company beyond the boundaries of such entity may charge customers served by the acquired company for

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water service and may, to the extent appropriate, as determined by the governing body of the public entity, recover through rates all reasonable costs of acquisition and necessary improvements.

(b) Notwithstanding the provisions of any special act, the Department of Public Utility Control shall extend the franchise areas of the acquiring water company to the service area of the water company acquired pursuant to this section.

(c) On and after December 1, 1989, in the case of any proposed acquisition of a water company for which the Department of Public Utility Control has provided notice of a hearing pursuant to section 16-262n, the department may, to encourage and facilitate such acquisition, and shall, if it orders such acquisition, require the acquiring water company, as defined in section 16-1, to implement, and revise quarterly thereafter, a rate surcharge applied to the rates of the acquired water company or of both the acquiring water company and the acquired water company, as determined by the department, that would recover on a current basis all costs of such acquisition and of needed improvements to the acquired water company's system. Such surcharge may be designed to recover one hundred per cent of the revenues necessary to provide a net after-tax return on investment actually made in the acquisition and improvement of the acquired water company, at a rate of return equivalent to that authorized for the acquiring water company in its last general rate proceeding. The department shall, not later than December 1, 1989, adopt regulations, in accordance with chapter 54, to carry out the purposes of this section.

(d) Not later than sixty days after the issuance of an order for an acquisition pursuant to this section, the acquired water company shall properly execute and deliver to the acquiring water company all documents necessary to complete the transfer of title to all real and personal property that is the subject of the acquisition order, including, but not limited to, land, structures, easements, and every estate, right

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or interest therein, to the entity ordered to acquire such water company. If the acquired company fails to deliver such documents in accordance with this subsection, the acquiring company shall notify the Department of Public Utility Control of such failure to act. Upon receipt of such notice, the department shall petition the Superior Court to enforce the provisions of its acquisition order. Nothing in this subsection shall deprive any entity of the compensation rights set forth in section 16-262q.

Approved July 6, 2005